

AMENDED IN ASSEMBLY JUNE 28, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 516**

**Introduced by Assembly Member Wayne**

February 18, 1999

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An act to add Chapter 8 (commencing with Section 117135) to Part 12 of Division 104 of the Health and Safety Code, relating to financing a safe drinking water program ~~by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 516, as amended, Wayne. Public water systems.

~~(1) Under~~

*Under* existing law, various bond acts have been approved by the voters to provide funds for water projects, facilities, and programs.

This bill would enact *a framework for* the California Safe Drinking Water Bond Act of 2000, which, if adopted, would authorize for the purposes of financing a safe drinking water program, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the amount of \$100,000,000.

The bill would provide ~~for the submission of this a framework under which the~~ bond act *may be submitted* to the voters at the March 7, 2000, statewide direct primary election.

~~(2) The bill would declare that it is to take effect immediately as an urgency statute.~~

*This bill would declare that the above provisions shall not become operative and are for display purposes only, and therefore no fund would be created and no bonds would be issued or sold pursuant to its provision, no appropriation would be made in the bill for any purpose, no portion of the bill would be submitted to the voters of the State of California, and nothing in the bill would create any debt or liability of the state.*

Vote: ~~2/3~~—majority. Appropriation: no. Fiscal committee: yes no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 8 (commencing with Section  
2 117135) is added to Part 12 of Division 104 of the Health  
3 and Safety Code, to read:

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5 CHAPTER 8. CALIFORNIA SAFE DRINKING WATER BOND  
6 ACT OF 2000

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8 Article 1. Short Title

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10 117135. This chapter shall be known and may be cited  
11 as the California Safe Drinking Water Bond Act of 2000.

12

13 Article 2. Definitions

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15 117137. Unless the context otherwise requires, the  
16 following definitions govern the construction of this  
17 chapter:

18 (a) “Department” means the State Department of  
19 Health Services.

20 (b) “Fund” means the Safe Drinking Water State  
21 Revolving Fund created by Section 116760.30.

22 (c) “Safe Drinking Water Act” means the federal Safe  
23 Drinking Water Act (42 U.S.C. Sec. 300f et seq.) and  
24 includes any amendments thereto.

25



Article 3. Safe Drinking Water State Revolving Fund

117139. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the Safe Drinking Water State Revolving Fund.

Article 4. Safe Drinking Water Program

117141. The bond proceeds shall be used by the department for loans and grants to suppliers, as defined in subdivision (l) of Section 116760.20, for the purposes of undertaking infrastructure improvements and related actions to meet safe drinking water standards, in accordance with the Safe Drinking Water State Revolving Fund Law of 1997 (Chapter 4.5 (commencing with Section 116760)).

Article 5. Fiscal Provisions

117145. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the State Treasury to the credit of the Safe Drinking Water State Revolving Fund.

117145.2. (a) Bonds in the total amount of one hundred million dollars (\$100,000,000), not including the amount of any refunding bonds issued in accordance with Section 117145.20, or as much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

(b) It is the intent of the Legislature that the committee, as described in Section 117145.6, shall require sufficient bonds to be issued, up to a maximum of one

1 hundred million dollars (\$100,000,000) through January  
2 2010 to make the maximum federal funds available to the  
3 fund which can reasonably be obligated within the  
4 timeframe.

5 117145.4. (a) The bonds authorized by this chapter  
6 shall be prepared, executed, issued, sold, paid, and  
7 redeemed as provided in the State General Obligation  
8 Bond Law (Chapter 4 (commencing with Section 16720)  
9 of Part 3 of Division 4 of Title 2 of the Government Code),  
10 and all of the provisions of that law apply to the bonds and  
11 to this chapter and are hereby incorporated in this  
12 chapter as though set forth in full in this chapter.

13 (b) For purposes of the State General Obligation Bond  
14 Law, the State Department of Health Services is  
15 designated the “board.”

16 117145.6. Solely for the purpose of authorizing the  
17 issuance and sale, pursuant to the State General  
18 Obligation Bond Law, of the bonds authorized by this  
19 chapter, the California Safe Drinking Water Finance  
20 Committee is hereby created. For purposes of this  
21 chapter, California Safe Drinking Water Finance  
22 Committee is the “committee” as that term is used in the  
23 State General Obligation Bond Law. The committee  
24 consists of the Treasurer, the Controller, and the Director  
25 of Finance, or their designated representatives. A  
26 majority of the committee may act for the committee.

27 117145.8. The committee shall determine whether or  
28 not it is necessary or desirable to issue bonds authorized  
29 pursuant to this chapter in order to carry out the actions  
30 specified in this chapter and, if so, the amount of bonds  
31 to be issued and sold. Successive issues of bonds may be  
32 authorized and sold to carry out those actions  
33 progressively, and it is not necessary that all of the bonds  
34 authorized to be issued be sold at any one time.

35 117145.10. There shall be collected each year and in  
36 the same manner and at the same time as other state  
37 revenue is collected, in addition to the ordinary revenues  
38 of the state, a sum in an amount required to pay the  
39 principal of, and interest on, the bonds each year. It is the  
40 duty of all officers charged by law with any duty in regard

1 to the collection of the revenue to do and perform each  
2 and every act which is necessary to collect that additional  
3 sum.

4 117145.12. Notwithstanding Section 13340 of the  
5 Government Code, there is hereby appropriated from  
6 the General Fund in the State Treasury, for the purposes  
7 of this chapter, an amount that will equal the total of the  
8 following:

9 (a) The sum annually necessary to pay the principal of,  
10 and interest on, bonds issued and sold pursuant to this  
11 chapter, as the principal and interest become due and  
12 payable.

13 (b) The sum necessary to carry out Section 117145.14,  
14 appropriated without regard to fiscal years.

15 117145.14. For the purposes of carrying out this  
16 chapter, the Director of Finance may authorize the  
17 withdrawal from the General Fund of an amount not to  
18 exceed the amount of the unsold bonds which have been  
19 authorized by the committee to be sold for the purpose  
20 of carrying out this chapter. Any amount withdrawn shall  
21 be deposited in the fund. Any money made available  
22 under this section shall be returned to the General Fund,  
23 plus an amount equal to the interest that the money  
24 would have earned in the Pooled Money Investment  
25 Account, from money received from the sale of bonds for  
26 the purpose of carrying out this chapter.

27 117145.16. All money deposited in the fund that is  
28 derived from premium and accrued interest on bonds  
29 sold shall be reserved in the fund and shall be available for  
30 transfer to the General Fund as a credit to expenditures  
31 for bond interest.

32 117145.18. The State Department of Health Services  
33 may request the Pooled Money Investment Board to  
34 make a loan from the Pooled Money Investment Account  
35 in accordance with Section 16312 of the Government  
36 Code for the purposes of carrying out this chapter. The  
37 amount of the request shall not exceed the amount of the  
38 unsold bonds which the committee, by resolution, has  
39 authorized to be sold for the purpose of carrying out this  
40 chapter. The department shall execute any documents

1 required by the Pooled Money Investment Board to  
2 obtain and repay the loan. Any amounts loaned shall be  
3 deposited in the fund to be allocated by the department  
4 in accordance with this chapter.

5 117145.20. The bonds may be refunded in accordance  
6 with Article 6 (commencing with Section 16780) of  
7 Chapter 4 of Part 3 of Division 4 of Title 2 of the  
8 Government Code, which is a part of the State General  
9 Obligation Bond Law. Approval by the voters of the state  
10 for the issuance of the bonds described in this chapter  
11 includes the approval of the issuance of any bonds issued  
12 to refund any bonds originally issued or any previously  
13 issued refunding bonds.

14 117145.22. Notwithstanding any provision of this  
15 chapter or the State General Obligation Bond Law, if the  
16 Treasurer sells bonds pursuant to this chapter that  
17 include a bond counsel opinion to the effect that the  
18 interest on the bonds is excluded from gross income for  
19 federal tax purposes, subject to designated conditions, the  
20 Treasurer may maintain separate accounts for the  
21 investment of bond proceeds and the investment  
22 earnings on those proceeds. The Treasurer may use or  
23 direct the use of those proceeds or earnings to pay any  
24 rebate, penalty, or other payment required under federal  
25 law or to take any other action with respect to the  
26 investment and use of bond proceeds required or  
27 desirable under federal law to maintain the tax-exempt  
28 status of those bonds and to obtain any other advantage  
29 under federal law on behalf of the funds of this state.

30 117145.24. The Legislature hereby finds and declares  
31 that, inasmuch as the proceeds from the sale of bonds  
32 authorized by this chapter are not “proceeds of taxes” as  
33 that term is used in Article XIII B of the California  
34 Constitution, the disbursement of these proceeds is not  
35 subject to the limitations imposed by that article.

36 SEC. 2. Section 1 of this act shall become effective  
37 upon the adoption by the voters of the California Safe  
38 Drinking Water Bond Act of 2000, as set forth in Section  
39 1 of this act.

SEC. 3. Section 1 of this act shall be submitted to the voters at the March 7, 2000, statewide direct primary election in accordance with provisions of the Government Code and the Elections Code governing the submission of statewide measures to the voters.

SEC. 4. (a) Notwithstanding any other provision of law, all ballots at the election shall have printed thereon and in a square thereof, the words: "California Safe Drinking Water Bond Act of 2000," and in the same square under those words, the following in 8-point type: "This act provides for a bond issue of one hundred million dollars (\$100,000,000) to provide funds to ensure safe drinking water." Opposite the square there shall be left spaces in which the voters may place a cross in the manner required by law to indicate whether they vote for or against the act.

(b) Where the voting in the election is done by means of voting machines, used pursuant to law in a manner to carry out the intent of this section, the use of the voting machines and the expression of the voters' choice by means thereof are in compliance with this section.

~~SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:~~

~~In order to provide funds to water suppliers to ensure that safe drinking water standards are met as soon as possible, it is necessary that this act take effect immediately.~~

*SEC. 5. Notwithstanding any other provision of this act, Sections 1 to 4, inclusive, of this act shall not be operative and are for display purposes only and therefore, no fund shall be created and no bonds shall be issued or sold pursuant to this act, no appropriation shall be made in this act for any purpose, no portion of this act shall be submitted to the voters of the State of California, and*

1 *nothing in this act shall create any debt or liability of the*  
2 *state.*

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